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The FARMER'S DOLLAR

"Goes to Town"



U. S. DEPARTMENT of AGRICULTURE
Agricultural Adjustment Administration



The farmer's dollar makes its first stop.



Every \$100 increase in farm income . . . an increase of \$74 in retail sales.

Increased farm buying power put factory workers back to work.



STARTING with Aaron, Ky., and ending with Zylks, La., the Census of 1930 lists 15,616 towns of less than 10,000 population.

These are the crossroads of commercial America. Through them there flows from the cities to the farms a broad stream of manufactured goods.

Back into these towns and through them to the centers of finance and industry flows a stream of farm dollars.

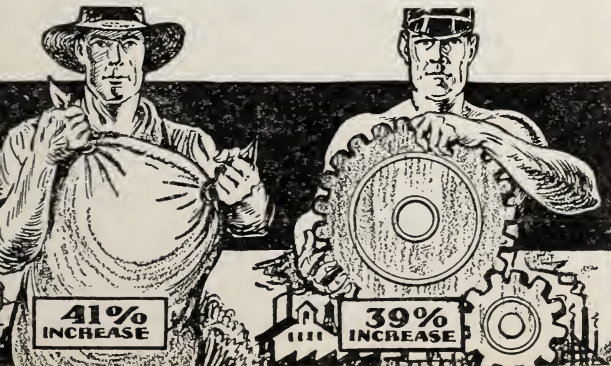
These are the towns whose prosperity depends upon this flow of goods and dollars. In these towns the farm dollar makes its first stop.

On the downward turn of farm prices, the last decade, every drop of \$100 in farm income was accompanied by a drop of \$80 in rural retail sales. On the upturn of farm prices during the 10-year period, every \$100 increase in farm income was accompanied by an increase of \$74 in rural retail sales.

The farmer's dollar always goes to town. In 1938, farmers had nearly twice as much to spend as in the depths of the depression. Compare commercial reports for 1938 with those for 1932: Rural retail sales 82 percent higher in 1938 . . . Farm machinery sales 350 percent higher . . . Fertilizer sales 88 percent higher . . . Automobile sales in farm States 100 percent higher.

This increased farm buying power put back to work over 20 percent of all factory workers reemployed since 1932.

Farmer efficiency has more than kept pace with factory efficiency.



When the flow of farm dollars to town is slow, what is the cause?

Is it lack of efficiency? Agricultural efficiency has more than kept pace with industrial efficiency, as judged by output per worker. From 1910 to 1930 output per worker increased 39 percent in factories; 41 percent on farms. The record of the last 10 years is equally impressive.

Is it lack of production? In the 2 years 1937 and 1938 the average production on farms was 5 percent greater than in 1929. Factory production for the same years was 19 percent below 1929 levels. With no marked change in farm population the last 40 years, farmers are providing abundantly for city populations which increased more than two-thirds during this period.

Too often the farmer has been penalized for this increased production. The abundance of farm products often has been accompanied by relative scarcity of city products. The result has been low buying power for farm products. For many years low buying power has driven farmers to mine the soil in a vain effort to produce more in order to meet fixed obligations and buy as much as formerly. This has run down the land, kept spendable income low. It has hurt the towns.

Since the War, surpluses of farm products have been more frequent. Reasons: An over-

Too often the farmer has been penalized for increased production.



expanded farm plant on the one hand and shrunken markets on the other. The farmer increased his cropland by about 40 million acres during the War. His increased efficiency has had the same effect as expanding total acreage. The shift from horse power to gasoline power has lost the market for feed from about 35 million acres. Immigration restriction and declining birth rate have not helped the farmer's market. The world-wide surge of nationalism, starting in the 20's, resulted in tariffs, quotas, and embargoes which have cut export markets sharply.

On about 310 million acres of cropland farmers can produce abundantly for all domestic needs, with no one needing to go hungry. To produce what it is estimated can be exported the next few years will probably require about 25 million acres. For sales at home and abroad about 335 million crop acres probably can supply all present available markets. Crops normally are harvested from about 360 to 365 million cultivated acres.

This means that—

American farmers have about 30 million surplus acres for which they lack markets.

This condition forces agricultural adjustment. If there were no national farm program, the adjustment would work itself out in time, but the cost to the farm family, to the soil, and to the Nation would be great.

To lessen the cost and hardship of this adjustment to new conditions—

The Agricultural Adjustment Act of 1938 declared it to be the policy of Congress to bring the assistance of the whole Nation to farmers to help them conserve the soil and, insofar as practicable, attain parity income with other groups, and at the same time to assure consumers a steady abundance of farm products at fair prices.

Nearly 4 million farmers are cooperating in this AAA farm program. It is one part, the economic pivot, of a broad national farm program.

While other public agencies deal with other phases, the Agricultural Adjustment Administration helps farmers to—

Shift surplus acres to conserving grasses and legumes and build up the soil.

Maintain farm income by:

(1) Acreage allotments in line with markets. (2) Conservation payments to help pay cost of soil building. (3) Parity payments to help bridge gap between market price and parity price. (4) Crop loans to tide over low price periods. (5) Crop insurance to guarantee the wheat farmer a crop to sell every year.

Maintain the ever-normal granary to help stabilize supplies and income, and to furnish consumers abundance at reasonable prices, good years and bad.

Also included under the Agricultural Adjustment Act of 1938 and related acts, but administered by other Department of Agriculture agencies, Congress has authorized search for better markets and wider consumption by:

(1) Improved distribution through marketing agreements to establish more orderly selling conditions for farm products. (2) Removal of price-depressing surpluses from congested markets for distribution to needy families. (3) Increased exports through subsidies if needed to provide the United States its fair share of the world's export markets. (4) Establishment of four regional laboratories to search for new uses for farm products. (5) Study of freight rates looking toward more equitable rates and better distribution for farm products.

It is through these broad agricultural programs that farmers are doing their part to bring full employment, good wages, and town and city prosperity.